

**SUPPLEMENTAL REPORT
BY THE
SENIOR CITIZENS CIRCUIT BREAKER
TAX CREDIT REVIEW SUBCOMMITTEE**

November 8, 2012

Subcommittee Members:

Chairman, Craig A. Van Matre
Alan Marble
Representative Tim Flook
Penny Rector

Missouri Tax Credit Review Commission

Supplemental Report of the Senior Citizen Circuit Breaker Tax Credit Review Subcommittee

This brief memorandum is a supplement to the memorandum submitted on November 4, 2010, by this Subcommittee. Nothing in the previously submitted report appears to warrant modification or amendment. The principles stated in the original report still appear to be applicable and worthy of consideration. However (and furthermore):

1. **Repeal of "Circuit Breaker" Tax Credit for Renters in Kansas:** In 2012, the Kansas legislature passed, and Governor Brownback signed, a tax reform law. This law repealed the Kansas version of the Circuit Breaker Tax Credit for renters under substantially similar situations as the renters benefitted by Missouri's Circuit Breaker Tax Credit. In other words, from and after January 1, 2013, property renters in Kansas will not be eligible to claim the Kansas version of the Circuit Breaker Tax Credit.

2. **Illinois Failure to Fund Circuit Breaker:** In the state of Illinois, the Illinois Property Tax Circuit Breaker for all potential claimants was not funded by the Illinois legislature. The Illinois Circuit Breaker Tax Credit, although similar to Missouri's, is subject to appropriation by the state legislature, and as of July 1, 2012, the Illinois legislature decided not to provide the funds necessary for that credit to be utilized. Accordingly, in Illinois, neither property owners nor renters will be granted the benefit of the Illinois Circuit Breaker Tax Credit subsequent to July 1, 2012.

3. **Projected Utilization for Fiscal Year 2012:** The State Budget Office projects that \$629,500,000 of Tax Credit redemptions will occur during Missouri's fiscal year 2012. Of that amount of credits redeemed, the State Budget Office estimates that \$117,600,000.00 of those credits will consist of Circuit Breaker Property Tax Credits. Attached to this Supplemental Report are copies of two spread sheets showing the redemptions of the Circuit Breaker Tax Credit by qualification types during calendar years 2010 and 2011 and the approximate breakout between owners and renters. The percentage of credits claimed by owners versus renters is fairly consistent from year to year, i.e., owners redeem about 51% of the total and renters redeem about 49% thereof. Thus it is anticipated that of the total Circuit Breaker Tax Credits claimed in 2012, approximately \$57,000,000 of that total will be aid to property renters instead of property owners.

CONCLUSION

The Senior Citizens Circuit Breaker Tax Credit Review Subcommittee hereby re-adopts and reaffirms its report prepared in 2010 and recommends it for consideration by the legislative and executive branches of Missouri's government.

Respectfully submitted,

Members of the Senior Citizens Tax Credit Subcommittee
Craig A. Van Matre
Alan Marble
Representative Tim Flook
Penny Rector

Missouri Department of Revenue

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| 03/01/2012 | Individual Tax | EDW Report |
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PROPERTY TAX CREDITS - Qualification Types Calendar Year 2011

| | Senior Citizens | | Disabled Veterans | | 100% Disabled | | Widows/Widowers | | TOTALS | |
|--|-----------------|---------------|-------------------|--------------|---------------|---------------|-----------------|--------------|---------|----------------|
| | | | | | | | | | | |
| | 136,342 | \$ 70,934,964 | 1,809 | \$ 1,068,906 | 78,881 | \$ 42,552,709 | 2,127 | \$ 1,129,405 | 219,159 | \$ 115,685,984 |

PROPERTY TAX CREDITS - Owners vs. Renters

| | Senior Citizens | | Disabled Veterans | | 100% Disabled | | Widows/Widowers | | TOTALS | |
|----------------|-----------------|---------------|-------------------|------------|---------------|---------------|-----------------|------------|---------|---------------|
| | | | | | | | | | | |
| Renters | 42,834 | \$ 21,473,907 | 893 | \$ 503,444 | 60,739 | \$ 33,289,561 | 642 | \$ 314,304 | 105,108 | \$ 55,581,217 |
| | | | | | | | | | | |
| Owners | 91,702 | \$ 48,464,608 | 902 | \$ 558,516 | 17,353 | \$ 8,833,154 | 1,449 | \$ 793,415 | 111,406 | \$ 58,649,693 |
| | | | | | | | | | | |
| Both | 1,806 | \$ 996,449 | 14 | \$ 6,946 | 789 | \$ 429,994 | 36 | \$ 21,686 | 2,645 | \$ 1,455,075 |

| | | | | | | | | | | |
|--------|---------|------------|-------|-----------|--------|------------|-------|-----------|---------|-------------|
| Totals | 136,342 | 70,934,964 | 1,809 | 1,068,906 | 78,881 | 42,552,709 | 2,127 | 1,129,405 | 219,159 | 115,685,984 |
|--------|---------|------------|-------|-----------|--------|------------|-------|-----------|---------|-------------|

Source: Enterprise Data Warehouse
Created by: Personal Tax

Missouri Department of Revenue

07/21/2011

Individual Tax

EDW Report

PROPERTY TAX CREDITS - Qualification Types

Calendar Year 2010

| Senior Citizens | | Disabled Veterans | | 100% Disabled | | Widows/Widowers | | TOTALS | |
|-----------------|---------------|-------------------|--------------|---------------|---------------|-----------------|--------------|---------|----------------|
| 142,124 | \$ 73,472,010 | 1,884 | \$ 1,090,439 | 76,971 | \$ 41,345,314 | 2,066 | \$ 1,054,054 | 223,045 | \$ 116,961,817 |

PROPERTY TAX CREDITS - Owners vs. Renters

| | Senior Citizens | | Disabled Veterans | | 100% Disabled | | Widows/Widowers | | TOTALS | |
|----------------|-----------------|---------------|-------------------|------------|---------------|---------------|-----------------|------------|---------|---------------|
| Renters | 46,012 | \$ 23,433,916 | 976 | \$ 559,370 | 59,098 | \$ 32,559,075 | 645 | \$ 313,930 | 106,731 | \$ 56,866,291 |
| Owners | 94,237 | \$ 49,046,840 | 898 | \$ 523,491 | 17,109 | \$ 8,368,743 | 1,397 | \$ 727,150 | 113,641 | \$ 58,666,225 |
| Both | 1,875 | \$ 991,254 | 10 | \$ 7,578 | 764 | \$ 417,495 | 24 | \$ 12,974 | 2,673 | \$ 1,429,301 |

| | | | | | | | | | | |
|--------|---------|------------|-------|-----------|--------|------------|-------|-----------|---------|-------------|
| Totals | 142,124 | 73,472,010 | 1,884 | 1,090,439 | 76,971 | 41,345,314 | 2,066 | 1,054,054 | 223,045 | 116,961,817 |
|--------|---------|------------|-------|-----------|--------|------------|-------|-----------|---------|-------------|

Source: Enterprise Data Warehouse

Created by: Personal Tax